



House of Representatives

File No. 811

General Assembly

January Session, 2015

(Reprint of File No. 632)

Substitute House Bill No. 7019
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 11, 2015

AN ACT CONCERNING THE MINIMUM BUDGET REQUIREMENT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10-262j of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2015*):

3 [(a) For the fiscal years ending June 30, 1990, June 30, 1991, June 30,
4 1992, and June 30, 1993, the regular program expenditures of a town
5 shall be not less than the greater of (1) the product of (A) the target
6 foundation multiplied by the number of total need students of the
7 town for the prior school year, and (B) the ratio of the town's grant
8 entitlement for such year pursuant to section 10-262h divided by the
9 town's target grant, or (2) an amount equal to the sum of (A) the
10 regular program expenditures for the town for the prior fiscal year,
11 and (B) the amount of the aid increase paid to the town as calculated
12 pursuant to subsection (b) of this section.

13 (b) For the purposes of subsection (a) of this section, the amount of
14 the aid increase paid to a town shall be (1) for the fiscal year ending
15 June 30, 1990, the amount of aid to be paid to the town for the fiscal

16 year ending June 30, 1990, pursuant to section 10-262i, less the base aid
17 for the town, (2) for the fiscal year ending June 30, 1991, the amount of
18 aid paid to the town for the fiscal year ending June 30, 1991, pursuant
19 to said section, less the amount of aid paid to the town for the fiscal
20 year ending June 30, 1990, pursuant to said section, (3) for the fiscal
21 year ending June 30, 1992, the amount of aid paid to the town for the
22 fiscal year ending June 30, 1992, pursuant to said section, less the
23 amount of aid paid to the town for the fiscal year ending June 30, 1991,
24 pursuant to said section, (4) for the fiscal year ending June 30, 1993, the
25 amount of aid paid to the town for the fiscal year ending June 30, 1993,
26 less the amount of aid paid to the town for the fiscal year ending June
27 30, 1992, pursuant to said section, (5) for the fiscal years ending June
28 30, 1994, and June 30, 1995, the amount of aid paid to the town for the
29 fiscal year pursuant to said section, less the amount of aid paid to the
30 town for the prior fiscal year pursuant to said section, (6) for the fiscal
31 year ending June 30, 1996, the amount paid to the town for the fiscal
32 year ending June 30, 1996, pursuant to said section less base revenue
33 for the fiscal year ending June 30, 1995, (7) for the fiscal year ending
34 June 30, 1997, the amount paid to the town for the fiscal year ending
35 June 30, 1997, less the amount paid to the town for the fiscal year
36 ending June 30, 1996, pursuant to said section, (8) for the fiscal year
37 ending June 30, 1998, the amount paid to the town for the fiscal year
38 ending June 30, 1998, less the amount paid to the town for the fiscal
39 year ending June 30, 1997, pursuant to said section, (9) for the fiscal
40 year ending June 30, 1999, the amount paid to the town for the fiscal
41 year ending June 30, 1999, less the amount paid to the town for the
42 fiscal year ending June 30, 1998, pursuant to said section, and (10) for
43 the fiscal year ending June 30, 2000, and each fiscal year thereafter, the
44 amount paid to the town for said fiscal year, less the amount paid to
45 the town for the year prior to said fiscal year, provided any amounts
46 paid pursuant to section 7 of public act 99-217 shall be included in the
47 determination of the aid increase paid to the town.

48 (c) Notwithstanding the provisions of subsection (a) of this section,
49 for the years ending June 30, 1990, June 30, 1991, June 30, 1992, and

50 June 30, 1993, no town shall be required to spend more on regular
51 program expenditures than an amount equal to the product of the
52 foundation for such year and the total need students of the town for
53 the prior school year.

54 (d) (1) For the year ending June 30, 1994, the regular program
55 expenditures of a town shall be not less than the greater of the
56 foundation for such year multiplied by the total need students of the
57 town for the prior school year or an amount equal to the sum of (A) the
58 regular program expenditures for the town for the prior fiscal year,
59 and (B) the amount of the aid increase paid to the town as calculated
60 pursuant to subsection (b) of this section, except that no town shall be
61 required to spend more on regular program expenditures than one
62 hundred five per cent of the product of the foundation for such year
63 and the total need students of the town for the prior school year.

64 (2) For the fiscal year ending June 30, 1995, the regular program
65 expenditures of a town shall be not less than the greater of the
66 foundation for such year multiplied by the total need students of the
67 town for the prior school year or an amount equal to the sum of (A) the
68 regular program expenditures for the town for the prior fiscal year,
69 and (B) the amount of the aid increase paid to the town as calculated
70 pursuant to subsection (b) of this section, except that no town shall be
71 required to spend more on regular program expenditures than one
72 hundred ten per cent of the product of the foundation for such year
73 and the total need students of the town for the prior school year.

74 (3) For the fiscal years ending June 30, 1996, and June 30, 1997, the
75 regular program expenditures of a town shall not be less than the
76 lesser of (A) the sum of the regular program expenditures for the town
77 for the prior fiscal year, and the amount of the aid increase paid to a
78 town pursuant to subsection (b) of this section, or (B) the sum of the
79 town's minimum expenditure requirement cap as determined by the
80 Department of Education for the fiscal year ending June 30, 1995, and
81 the sum of any aid increases paid to a town pursuant to subsection (b)
82 of this section after the fiscal year ending June 30, 1995.

83 (4) For the fiscal year ending June 30, 1998, the regular program
84 expenditures of a town shall be the lesser of the sum of (A) its
85 minimum expenditure requirement for the fiscal year ending June 30,
86 1997, (B) its aid increase pursuant to subsection (b) of this section, and
87 (C) the result obtained by multiplying the difference between the
88 town's resident student count for October 1996, using the data of
89 record as of December 1, 1996, and its final audited resident student
90 count for October 1993, by one-half of the foundation, or the sum of (i)
91 its minimum expenditure requirement for the fiscal year ending June
92 30, 1997, and (ii) its aid increase pursuant to subsection (b) of this
93 section.

94 (5) For the fiscal year ending June 30, 1999, the regular program
95 expenditures of a town shall be the lesser of the sum of (A) its
96 minimum expenditure requirement for the fiscal year ending June 30,
97 1998, (B) its aid increase pursuant to subsection (b) of this section, and
98 (C) the result obtained by multiplying the difference between the
99 town's resident student count for October 1997, using the data of
100 record as of December 1, 1997, and the town's resident student count
101 for October 1996, using the data of record as of December 1, 1996, by
102 one-half of the foundation, or the sum of (i) its minimum expenditure
103 requirement for the fiscal year ending June 30, 1998, and (ii) its aid
104 increase pursuant to subsection (b) of this section.

105 (6) For the fiscal year ending June 30, 2000, the regular program
106 expenditures of a town shall be no less than the sum of (A) its
107 minimum expenditure requirement for the fiscal year ending June 30,
108 1999, (B) its aid increase pursuant to subsection (b) of this section, and
109 (C) the result obtained by multiplying the difference between the
110 town's resident student count for October 1998, using the data of
111 record as of December 1, 1998, and the town's resident student count
112 for October 1997, using the data of record as of December 1, 1997, by
113 one-half of the foundation.

114 (7) For the fiscal year ending June 30, 2001, the regular program
115 expenditures of a town shall be no less than the sum of (A) its

116 minimum expenditure requirement for the fiscal year ending June 30,
117 2000, (B) its aid increase pursuant to subsection (b) of this section, and
118 (C) if the resident student count for October 1999, is less than the
119 resident student count for October 1998, the result obtained by
120 multiplying the difference between the town's resident student count
121 for October 1999, using the data of record as of December 1, 1999, and
122 the town's resident student count for October 1998, using the data of
123 record as of December 1, 1998, by one-half of the foundation.

124 (8) For the fiscal year ending June 30, 2002, the regular program
125 expenditures of a town shall be no less than the sum of (A) its
126 minimum expenditure requirement for the fiscal year ending June 30,
127 2001, (B) its aid increase pursuant to subsection (b) of this section, and
128 (C) if the resident student count for October 2000, is less than the
129 resident student count for October 1999, the result obtained by
130 multiplying the difference between the town's resident student count
131 for October 2000, using the data of record as of December 1, 2000, and
132 the town's resident student count for October 1999, using the data of
133 record as of December 1, 1999, by one-half of the foundation.

134 (9) For the fiscal year ending June 30, 2003, the regular program
135 expenditures of a town shall be no less than the sum of (A) its
136 minimum expenditure requirement for the fiscal year ending June 30,
137 2002, (B) its aid increase pursuant to subsection (b) of this section, and
138 (C) if the resident student count for October 2001, is less than the
139 resident student count for October 2000, the result obtained by
140 multiplying the difference between the town's resident student count
141 for October 2001, using the data of record as of December 1, 2001, and
142 the town's resident student count for October 2000, using the data of
143 record as of December 1, 2000, by one-half of the foundation.

144 (10) For the fiscal year ending June 30, 2004, the regular program
145 expenditures of a town shall be no less than the sum of (A) its
146 minimum expenditure requirement for the fiscal year ending June 30,
147 2003, (B) its aid increase pursuant to subsection (b) of this section, and
148 (C) if the resident student count for October 2002, is less than the

149 resident student count for October 2001, the result obtained by
150 multiplying the difference between the town's resident student count
151 for October 2002, using the data of record as of December 1, 2002, and
152 the town's resident student count for October 2001, using the data of
153 record as of December 1, 2001, by one-half of the foundation.

154 (11) For the fiscal year ending June 30, 2005, the regular program
155 expenditures of a town shall be no less than the sum of (A) its
156 minimum expenditure requirement for the fiscal year ending June 30,
157 2004, (B) its aid increase pursuant to subsection (b) of this section, and
158 (C) if the resident student count for October 2003, is less than the
159 resident student count for October 2002, the result obtained by
160 multiplying the difference between the town's resident student count
161 for October 2003, using the data of record as of December 1, 2003, and
162 the town's resident student count for October 2002, using the data of
163 record as of December 1, 2002, by one-half of the foundation.

164 (12) For the fiscal year ending June 30, 2006, the regular program
165 expenditures of a town shall be no less than the sum of (A) its
166 minimum expenditure requirement for the fiscal year ending June 30,
167 2005, (B) its aid increase pursuant to subsection (b) of this section, and
168 (C) if the resident student count for October 2004, is less than the
169 resident student count for October 2003, the result obtained by
170 multiplying the difference between the town's resident student count
171 for October 2004, using the data of record as of December 1, 2004, and
172 the town's resident student count for October 2003, using the data of
173 record as of December 1, 2003, by one-half of the foundation.

174 (13) For the fiscal year ending June 30, 2007, the regular program
175 expenditures of a town shall be no less than the sum of (A) its
176 minimum expenditure requirement for the fiscal year ending June 30,
177 2006, (B) its aid increase pursuant to subsection (b) of this section, and
178 (C) if the resident student count for October, 2005 is less than the
179 resident student count for October, 2004 the result obtained by
180 multiplying the difference between the town's resident student count
181 for October, 2005 using the data of record as of December 1, 2005, and

182 the town's resident student count for October, 2004 using the data of
183 record as of December 1, 2004, by one-half of the foundation.

184 (e) (1) Notwithstanding the provisions of subsections (a), (b) and (c)
185 of this section: (A) For the fiscal years ending June 30, 1990, June 30,
186 1991, June 30, 1992, and June 30, 1993, the regular program
187 expenditures of a kindergarten to grade twelve, inclusive, regional
188 school district shall not be less than the greater of (i) the product of (I)
189 the target foundation multiplied by the sum of the number of total
190 need students in the member towns in the regional school district for
191 the prior school year, and (II) the ratio of the sum of the member
192 towns' grant entitlements for such year pursuant to section 10-262h
193 divided by the sum of the member towns' target grants, or (ii) an
194 amount equal to the sum of (I) the regular program expenditures for
195 the regional school district for the prior fiscal year, and (II) the amount
196 of the sum of the aid increases paid to the member towns as calculated
197 pursuant to subsection (b) of this section, provided no kindergarten to
198 grade twelve, inclusive, regional school district shall be required to
199 spend more on regular program expenditures than an amount equal to
200 the product of the foundation for such year and the sum of the total
201 need students in the member towns of the regional school district for
202 the prior school year; and (B) for the year ending June 30, 1993, and for
203 each fiscal year thereafter, the regular program expenditures of a
204 kindergarten to grade twelve, inclusive, regional school district shall
205 be not less than the foundation for such year multiplied by the sum of
206 the total need students of all member towns for the prior school year.

207 (2) Notwithstanding the provisions of subdivision (3) of subsection
208 (d) of this section, for the fiscal years ending June 30, 1996, and June 30,
209 1997, the regular program expenditures of a kindergarten to twelve,
210 inclusive, regional school district shall not be less than the lesser of (A)
211 the sum of the regular program expenditures for the regional school
212 district for the prior fiscal year, and the sum of the member towns' aid
213 increases pursuant to subsection (b) of this section, or (B) the sum of
214 the member towns' minimum expenditure requirement caps as
215 determined by the Department of Education for the fiscal year ending

216 June 30, 1995, and the sum of the member towns' aid increases paid
217 pursuant to subsection (b) of this section after the fiscal year ending
218 June 30, 1995.

219 (f) For the purposes of this section "total need students" means total
220 need students as calculated using the data of record as of December
221 first of such data year.]

222 (a) Except as otherwise provided under the provisions of
223 subsections (c) to (e), inclusive, of this section, for the fiscal year
224 ending June 30, 2016, the budgeted appropriation for education shall
225 be not less than the budgeted appropriation for education for the fiscal
226 year ending June 30, 2015, plus any aid increase described in
227 subsection (d) of section 10-262i, as amended by this act, except that a
228 town may reduce its budgeted appropriation for education for the
229 fiscal year ending June 30, 2016, by one or more of the following:

230 (1) Any district with (A) a resident student population in which the
231 number of students who are eligible for free or reduced price lunches
232 pursuant to federal law and regulations is equal to or greater than
233 twenty per cent, and (B) a resident student count for October 1, 2014,
234 using the data of record as of January 31, 2015, that is lower than such
235 district's resident student count for October 1, 2013, using the data of
236 record as of January 31, 2015, may reduce such district's budgeted
237 appropriation for education by the difference in the number of resident
238 students for such years multiplied by fifty per cent of the net current
239 expenditures per resident student of such district, provided such
240 reduction shall not exceed one and one-half per cent of the district's
241 budgeted appropriation for education for the fiscal year ending June
242 30, 2015, except that the Commissioner of Education may, following a
243 review of a town's proposed reductions to its budgeted appropriation
244 for education, permit a town to reduce its budgeted appropriation for
245 education in an amount greater than one and one-half per cent if the
246 board of education for such town has approved, by vote at a meeting
247 duly called, such proposed reductions;

248 (2) Any district with (A) a resident student population in which the
249 number of students who are eligible for free or reduced price lunches
250 pursuant to federal law and regulations is less than twenty per cent,
251 and (B) a resident student count for October 1, 2014, using the data of
252 record as of January 31, 2015, that is lower than such district's resident
253 student count for October 1, 2013, using the data of record as of
254 January 31, 2015, may reduce such district's budgeted appropriation
255 for education by the difference in the number of resident students for
256 such years multiplied by fifty per cent of the net current expenditures
257 per resident student of such district, provided such reduction shall not
258 exceed three per cent of the district's budgeted appropriation for
259 education for the fiscal year ending June 30, 2015, except that the
260 Commissioner of Education may, following a review of a town's
261 proposed reductions to its budgeted appropriation for education,
262 permit a town to reduce its budgeted appropriation for education in an
263 amount greater than three per cent if the board of education for such
264 town has approved, by vote at a meeting duly called, such proposed
265 reductions;

266 (3) Any district (A) that does not maintain a high school and pays
267 tuition to another school district pursuant to section 10-33 for resident
268 students to attend high school in another district, and (B) in which the
269 number of resident students attending high school for such district for
270 October 1, 2014, using the data of record as of January 31, 2015, is
271 lower than such district's number of resident students attending high
272 school for October 1, 2013, using the data of record as of January 31,
273 2015, may reduce such district's budgeted appropriation for education
274 by the difference in the number of resident students attending high
275 school for such years multiplied by the amount of tuition paid per
276 student pursuant to section 10-33; or

277 (4) Any district that realizes new and documentable savings
278 through increased district efficiencies approved by the Commissioner
279 of Education or through regional collaboration or cooperative
280 arrangements pursuant to section 10-158a may reduce such district's
281 budgeted appropriation for education in an amount equal to half of the

282 amount of savings experienced as a result of such district efficiencies,
283 regional collaboration or cooperative arrangement, provided such
284 reduction shall not exceed one-half of one per cent of the district's
285 budgeted appropriation for education for the fiscal year ending June
286 30, 2015.

287 (b) Except as otherwise provided under the provisions of
288 subsections (c) to (e), inclusive, of this section, for the fiscal year
289 ending June 30, 2017, the budgeted appropriation for education shall
290 be not less than the budgeted appropriation for education for the fiscal
291 year ending June 30, 2016, plus any aid increase received pursuant to
292 subsection (d) of section 10-262i, as amended by this act, except that a
293 town may reduce its budgeted appropriation for education for the
294 fiscal year ending June 30, 2017, by one or more of the following:

295 (1) Any district with (A) a resident student population in which the
296 number of students who are eligible for free or reduced price lunches
297 pursuant to federal law and regulations is equal to or greater than
298 twenty per cent, and (B) a resident student count for October 1, 2015,
299 using the data of record as of January 31, 2016, that is lower than such
300 district's resident student count for October 1, 2014, using the data of
301 record as of January 31, 2016, may reduce such district's budgeted
302 appropriation for education by the difference in the number of resident
303 students for such years multiplied by fifty per cent of the net current
304 expenditures per resident student of such district, provided such
305 reduction shall not exceed one and one-half per cent of the district's
306 budgeted appropriation for education for the fiscal year ending June
307 30, 2016, except that the Commissioner of Education may, following a
308 review of a town's proposed reductions to its budgeted appropriation
309 for education, permit a town to reduce its budgeted appropriation for
310 education in an amount greater than one and one-half per cent if the
311 board of education for such town has approved, by vote at a meeting
312 duly called, such proposed reductions;

313 (2) Any district with (A) a resident student population in which the
314 number of students who are eligible for free or reduced price lunches

315 pursuant to federal law and regulations is less than twenty per cent,
316 and (B) a resident student count for October 1, 2015, using the data of
317 record as of January 31, 2016, that is lower than such district's resident
318 student count for October 1, 2014, using the data of record as of
319 January 31, 2016, may reduce such district's budgeted appropriation
320 for education by the difference in the number of resident students for
321 such years multiplied by fifty per cent of the net current expenditures
322 per resident student, as defined in subdivision (45) of section 10-262f,
323 as amended by this act, of such district, provided such reduction shall
324 not exceed three per cent of the district's budgeted appropriation for
325 education for the fiscal year ending June 30, 2016, except that the
326 Commissioner of Education may, following a review of a town's
327 proposed reductions to its budgeted appropriation for education,
328 permit a town to reduce its budgeted appropriation for education in an
329 amount greater than three per cent if the board of education for such
330 town has approved, by vote at a meeting duly called, such proposed
331 reductions;

332 (3) Any district (A) that does not maintain a high school and pays
333 tuition to another school district pursuant to section 10-33 for resident
334 students to attend high school in another district, and (B) in which the
335 number of resident students attending high school for such district for
336 October 1, 2015, using the data of record as of January 31, 2016, is
337 lower than such district's number of resident students attending high
338 school for October 1, 2014, using the data of record as of January 31,
339 2016, may reduce such district's budgeted appropriation for education
340 by the difference in the number of resident students attending high
341 school for such years multiplied by the amount of tuition paid per
342 student pursuant to section 10-33; or

343 (4) Any district that realizes new and documentable savings
344 through increased district efficiencies approved by the Commissioner
345 of Education or through regional collaboration or cooperative
346 arrangements pursuant to section 10-158a may reduce such district's
347 budgeted appropriation for education in an amount equal to half of the
348 amount of savings experienced as a result of such district efficiencies,

349 regional collaboration or cooperative arrangement, provided such
350 reduction shall not exceed one-half of one per cent of the district's
351 budgeted appropriation for education for the fiscal year ending June
352 30, 2015.

353 (c) For the fiscal years ending June 30, 2016, and June 30, 2017, the
354 Commissioner of Education may permit a town to reduce its budgeted
355 appropriation for education in an amount determined by the
356 commissioner if the school district in such town has permanently
357 ceased operations and closed one or more schools in the school district
358 due to declining enrollment at such closed school or schools in the
359 fiscal years ending June 30, 2013, to June 30, 2016, inclusive.

360 (d) For the fiscal years ending June 30, 2016, and June 30, 2017, a
361 town designated as an alliance district, as defined in section 10-262u,
362 shall not reduce its budgeted appropriation for education pursuant to
363 this section.

364 (e) For the fiscal years ending June 30, 2016, and June 30, 2017, the
365 provisions of this section shall not apply to any district that is in the
366 top ten per cent of school districts based on the district performance
367 index, as defined in section 10-262u.

368 Sec. 2. Section 10-262f of the general statutes is amended by adding
369 subdivision (45) as follows (*Effective July 1, 2015*):

370 (NEW) (45) "Net current expenditures per resident student" means,
371 in any school year, the net current expenditures, as defined in section
372 10-261, for such school year divided by the number of resident
373 students in the town for such school year.

374 Sec. 3. Section 10-262i of the general statutes is repealed and the
375 following is substituted in lieu thereof (*Effective July 1, 2015*):

376 (a) For the fiscal year ending June 30, 1990, and for each fiscal year
377 thereafter, each town shall be paid a grant equal to the amount the
378 town is entitled to receive under the provisions of section 10-262h.

379 Such grant, excluding any amounts paid to a town pursuant to
380 subdivision (1) of subsection (c) and subdivision (1) of subsection (d)
381 of section 10-66ee, shall be calculated using the data of record as of the
382 December first prior to the fiscal year such grant is to be paid, adjusted
383 for the difference between the final entitlement for the prior fiscal year
384 and the preliminary entitlement for such fiscal year as calculated using
385 the data of record as of the December first prior to the fiscal year when
386 such grant was paid.

387 (b) (1) Except as provided in subdivisions (2) and (3) of this
388 subsection, the amount due each town pursuant to the provisions of
389 subsection (a) of this section shall be paid by the Comptroller, upon
390 certification of the Commissioner of Education, to the treasurer of each
391 town entitled to such aid in installments during the fiscal year as
392 follows: Twenty-five per cent of the grant in October, twenty-five per
393 cent of the grant in January and the balance of the grant in April. The
394 balance of the grant due towns under the provisions of this subsection
395 shall be paid in March rather than April to any town which has not
396 adopted the uniform fiscal year and which would not otherwise
397 receive such final payment within the fiscal year of such town.

398 (2) Any amount due to a town pursuant to subdivision (1) of
399 subsection (c) and subdivision (1) of subsection (d) of section 10-66ee
400 shall be paid by the Comptroller, upon certification of the
401 Commissioner of Education, to the treasurer of each town entitled to
402 such amount pursuant to the schedule established in section 10-66ee.

403 (3) For the fiscal years ending June 30, 2015, and June 30, 2016, the
404 amount due to the town of Winchester pursuant to the provisions of
405 subsection (a) of this section shall be paid by the Comptroller, upon
406 certification of the Commissioner of Education, to the treasurer of the
407 town of Winchester in installments during said fiscal years as follows:
408 Fifty per cent of the grant in October, twenty-five per cent of the grant
409 in January and twenty-five per cent of the grant in April.

410 (c) All aid distributed to a town pursuant to the provisions of this

411 section and section 10-262u shall be expended for educational
412 purposes only and shall be expended upon the authorization of the
413 local or regional board of education and in accordance with the
414 provisions of section 10-262u. For the fiscal year ending June 30, 1999,
415 and each fiscal year thereafter, if a town receives an increase in funds
416 pursuant to this section over the amount it received for the prior fiscal
417 year, such increase shall not be used to supplant local funding for
418 educational purposes. The budgeted appropriation for education in
419 any town receiving an increase in funds pursuant to this section shall
420 be not less than the amount appropriated for education for the prior
421 year plus such increase in funds.

422 [(d) (1) Except as otherwise provided under the provisions of
423 subdivisions (3) and (4) of this subsection, for the fiscal year ending
424 June 30, 2014, the budgeted appropriation for education shall be not
425 less than the budgeted appropriation for education for the fiscal year
426 ending June 30, 2013, plus any aid increase described in subsection (e)
427 of this section, except that a town may reduce its budgeted
428 appropriation for education for the fiscal year ending June 30, 2014, by
429 one of the following: (A) Any district with a resident student count for
430 October 1, 2012, using the data of record as of January 31, 2013, that is
431 lower than such district's resident student count for October 1, 2011,
432 using the data of record as of January 31, 2013, may reduce such
433 district's budgeted appropriation for education by the difference in
434 number of resident students for such years multiplied by three
435 thousand, provided such reduction shall not exceed one-half of one
436 per cent of the district's budgeted appropriation for education for the
437 fiscal year ending June 30, 2013, (B) any district that (i) does not
438 maintain a high school and pays tuition to another school district
439 pursuant to section 10-33 for resident students to attend high school in
440 another district, and (ii) the number of resident students attending
441 high school for such district for October 1, 2012, using the data of
442 record as of January 31, 2013, is lower than such district's number of
443 resident students attending high school for October 1, 2011, using the
444 data of record as of January 31, 2013, may reduce such district's

445 budgeted appropriation for education by the difference in number of
446 resident students attending high school for such years multiplied by
447 the tuition paid per student pursuant to section 10-33, or (C) any
448 district that realizes new and documentable savings through increased
449 intradistrict efficiencies approved by the Commissioner of Education
450 or through regional collaboration or cooperative arrangements
451 pursuant to section 10-158a may reduce such district's budgeted
452 appropriation for education in an amount equal to half of the savings
453 experienced as a result of such intradistrict efficiencies, regional
454 collaboration or cooperative arrangement, provided such reduction
455 shall not exceed one-half of one per cent of the district's budgeted
456 appropriation for education for the fiscal year ending June 30, 2013.

457 (2) Except as otherwise provided under the provisions of
458 subdivisions (3) and (5) of this subsection, for the fiscal year ending
459 June 30, 2015, the budgeted appropriation for education shall be not
460 less than the budgeted appropriation for education for the fiscal year
461 ending June 30, 2014, plus any aid increase received pursuant to
462 subsection (e) of this section, except that a town may reduce its
463 budgeted appropriation for education for the fiscal year ending June
464 30, 2015, by one of the following: (A) Any district with a resident
465 student count for October 1, 2013, using the data of record as of
466 January 31, 2014, that is lower than such district's resident student
467 count for October 1, 2012, using the data of record as of January 31,
468 2014, may reduce such district's budgeted appropriation for education
469 by the difference in number of resident students for such years
470 multiplied by three thousand, provided such reduction shall not
471 exceed one-half of one per cent of the district's budgeted appropriation
472 for education for the fiscal year ending June 30, 2014, (B) any district
473 that (i) does not maintain a high school and pays tuition to another
474 school district pursuant to section 10-33 for resident students to attend
475 high school in another district, and (ii) the number of resident students
476 attending high school for such district for October 1, 2013, using the
477 data of record as of January 31, 2014, is lower than such district's
478 number of resident students attending high school for October 1, 2012,

479 using the data of record as of January 31, 2014, may reduce such
480 district's budgeted appropriation for education by the difference in
481 number of resident students attending high school for such years
482 multiplied by the tuition paid per student pursuant to section 10-33, or
483 (C) any district that realizes new and documentable savings through
484 increased intradistrict efficiencies approved by the Commissioner of
485 Education or through regional collaboration or cooperative
486 arrangements pursuant to section 10-158a may reduce such district's
487 budgeted appropriation for education in an amount equal to half of the
488 savings experienced as a result of such intradistrict efficiencies,
489 regional collaboration or cooperative arrangement, provided such
490 reduction shall not exceed one-half of one per cent of the district's
491 budgeted appropriation for education for the fiscal year ending June
492 30, 2013.

493 (3) The Commissioner of Education may permit a district to reduce
494 its budgeted appropriation for education for the fiscal years ending
495 June 30, 2014, and June 30, 2015, inclusive, in an amount determined
496 by the commissioner if such district has permanently ceased
497 operations and closed one or more schools in the district due to
498 declining enrollment at such closed school or schools in the fiscal year
499 ending June 30, 2011, June 30, 2012, or June 30, 2013.

500 (4) For the fiscal year ending June 30, 2014, the budgeted
501 appropriation for a town designated as an alliance district, as defined
502 in section 10-262u, shall be not less than the sum of (A) the budgeted
503 appropriation for the fiscal year ending June 30, 2013, and (B) the
504 amount necessary to meet the minimum local funding percentage, as
505 defined in subdivision (39) of section 10-262f, except the commissioner
506 may permit a town designated as an alliance district to reduce its
507 budgeted appropriation for education if such town can demonstrate
508 that its local contribution for the fiscal year ending June 30, 2014, has
509 increased when compared to the local contribution used in
510 determining its local funding percentage, as defined in subdivision
511 (38) of section 10-262f.

512 (5) For the fiscal year ending June 30, 2015, the budgeted
513 appropriation for a town designated as an alliance district, as defined
514 in section 10-262u, shall be not less than the sum of (A) the budgeted
515 appropriation for the fiscal year ending June 30, 2014, and (B) the
516 amount necessary to meet the minimum local funding percentage, as
517 defined in section 10-262f, except the commissioner may permit a town
518 designated as an alliance district to reduce its budgeted appropriation
519 for education if such town can demonstrate that its local contribution
520 for the fiscal year ending June 30, 2015, has increased when compared
521 to the local contribution used in determining its local funding
522 percentage, as defined in section 10-262f.]

523 [(e)] (d) For the fiscal year ending June 30, 2014, and each fiscal year
524 thereafter, the amount paid to a town pursuant to subsection (a) of this
525 section minus the amount paid to such town under said subsection for
526 the prior fiscal year shall be the aid increase for such town for such
527 fiscal year.

528 [(f)] (e) Upon a determination by the State Board of Education that a
529 town or kindergarten to grade twelve, inclusive, regional school
530 district failed in any fiscal year to meet the requirements pursuant to
531 subsection (c) [,] or (d) [or (e)] of this section, the town or kindergarten
532 to grade twelve, inclusive, regional school district shall forfeit an
533 amount equal to two times the amount of the shortfall. The amount so
534 forfeited shall be withheld by the Department of Education from the
535 grant payable to the town in the second fiscal year immediately
536 following such failure by deducting such amount from the town's
537 equalization aid grant payment pursuant to this section, except that in
538 the case of a kindergarten to grade twelve, inclusive, regional school
539 district, the amount so forfeited shall be withheld by the Department
540 of Education from the grants payable pursuant to this section to the
541 towns which are members of such regional school district. The
542 amounts deducted from such grants to each member town shall be
543 proportional to the number of resident students in each member town.
544 Notwithstanding the provisions of this subsection, the State Board of
545 Education may waive such forfeiture upon agreement with the town

546 or kindergarten to grade twelve, inclusive, regional school district that
547 the town or kindergarten to grade twelve, inclusive, regional school
548 district shall increase its budgeted appropriation for education during
549 the fiscal year in which the forfeiture would occur by an amount not
550 less than the amount of said forfeiture or for other good cause shown.
551 Any additional funds budgeted pursuant to such an agreement shall
552 not be included in a district's budgeted appropriation for education for
553 the purpose of establishing any future minimum budget requirement.

554 Sec. 4. Section 10-4a of the general statutes is repealed and the
555 following is substituted in lieu thereof (*Effective July 1, 2015*):

556 For purposes of sections 10-4, 10-4b, as amended by this act, and 10-
557 220, the educational interests of the state shall include, but not be
558 limited to, the concern of the state that (1) each child shall have for the
559 period prescribed in the general statutes equal opportunity to receive a
560 suitable program of educational experiences; (2) each school district
561 shall finance at a reasonable level at least equal to the minimum
562 budget requirement pursuant to the provisions of section [10-262i] 10-
563 262j, as amended by this act, an educational program designed to
564 achieve this end; (3) in order to reduce racial, ethnic and economic
565 isolation, each school district shall provide educational opportunities
566 for its students to interact with students and teachers from other racial,
567 ethnic, and economic backgrounds and may provide such
568 opportunities with students from other communities; and (4) the
569 mandates in the general statutes pertaining to education within the
570 jurisdiction of the State Board of Education be implemented.

571 Sec. 5. Subsection (b) of section 10-4b of the general statutes is
572 repealed and the following is substituted in lieu thereof (*Effective July*
573 *1, 2015*):

574 (b) If, after conducting an inquiry in accordance with subsection (a)
575 of this section, the state board finds that a local or regional board of
576 education has failed or is unable to implement the educational
577 interests of the state in accordance with section 10-4a, as amended by

578 this act, the state board shall (1) require the local or regional board of
 579 education to engage in a remedial process whereby such local or
 580 regional board of education shall develop and implement a plan of
 581 action through which compliance may be attained, or (2) order the
 582 local or regional board of education to take reasonable steps where
 583 such local or regional board has failed to comply with subdivision (3)
 584 of section 10-4a, as amended by this act. Where a local or regional
 585 board of education is required to implement a remedial process
 586 pursuant to subdivision (1) of this subsection, upon request of such
 587 local or regional board, the state board shall make available to such
 588 local or regional board materials and advice to assist in such remedial
 589 process. If the state board finds that a local governmental body or its
 590 agent is responsible for such failure or inability, the state board may
 591 order such governmental body or agent to take reasonable steps to
 592 comply with the requirements of section 10-4a, as amended by this act.
 593 The state board may not order an increase in the budgeted
 594 appropriations for education of such local or regional board of
 595 education if such budgeted appropriations are in an amount at least
 596 equal to the minimum budget requirement in accordance with section
 597 [10-262i] 10-262j, as amended by this act. If the state board finds that
 598 the state is responsible for such failure, the state board shall so notify
 599 the Governor and the General Assembly.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2015</i>	10-262j
Sec. 2	<i>July 1, 2015</i>	10-262f
Sec. 3	<i>July 1, 2015</i>	10-262i
Sec. 4	<i>July 1, 2015</i>	10-4a
Sec. 5	<i>July 1, 2015</i>	10-4b(b)

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 16 \$	FY 17 \$
Various Municipalities	Potential Savings	See Below	See Below

Explanation

The bill results in a potential savings to various municipalities in FY 16 and FY 17 by allowing for a reduction in education expenditures attributable to falling enrollments or documentable efficiencies. Such reductions in education expenditures may not be made by any town designated as an alliance district as defined in section CGS 10-262u. Additionally the bill provides that the minimum budget requirement (MBR) does not apply to any school district in the top ten percent of all districts based on the district performance index.

House "A" (LCO 6887) strikes the underlying bill and its associated fiscal impact and results in the impact stated above.

The Out Years

There is no fiscal impact in the out years as the bill pertains to FY 16 and FY 17.

OLR Bill Analysis**sHB 7019 (as amended by House "A")******AN ACT CONCERNING THE MINIMUM BUDGET REQUIREMENT.*****SUMMARY:**

This bill extends, for fiscal years 2016 and 2017, the minimum budget requirement (MBR) for local education spending and provides towns a greater ability to lower their MBR. Under current law, the MBR prohibits a town from budgeting less for education than it did in the previous year unless, and with limits, the town can demonstrate a (1) decrease in school enrollment or (2) savings through increased efficiencies. If a town receives an increase in state education cost sharing aid, its MBR will increase over the previous year by the amount of the aid increase.

The bill affords towns greater ability to lower their MBR by (1) increasing the per-student reduction allowed for decreased enrollment, (2) raising the overall cap on how much a town can reduce its MBR, and (3) removing the limit on how many ways a town can qualify for MBR flexibility. For reductions based on declining enrollment, the bill creates a two-tiered mechanism that depends upon the percentage of students eligible for free and reduced price lunch (FRPL) under the federal school lunch law.

The bill completely repeals the MBR for school districts that have district performance index (DPI) scores (see BACKGROUND) in the top 10% of all districts in the state. Thus, there are no restrictions on these districts' ability to reduce their education budget.

The bill prohibits the alliance districts from reducing their MBR. Alliance districts are the 30 school districts with the lowest DPI in the

state.

It also repeals obsolete language regarding the MBR and the minimum expenditure requirement (the precursor to the MBR) and makes a number of technical and conforming changes.

*House Amendment "A" creates a two-tiered MBR reduction mechanism and deletes numerous obsolete provisions of the MBR and the minimum expenditure requirement.

EFFECTIVE DATE: July 1, 2015

CHANGES TO MBR REDUCTION

Under current law, towns can ask the State Department of Education (SDE) for a MBR reduction under only one of the ways the law provides. This means a town cannot seek a reduction for a decrease in enrollment and another decrease for increased efficiencies. The bill removes the limit, thus allowing towns to use more than one MBR reduction mechanism.

The bill establishes a two-tiered MBR relief mechanism for reductions due to decreases in school enrollment. Under this device, districts with (1) 20% or more of their students qualifying for FRPL can reduce their MBR by up to 1.5% and (2) less than 20% of students eligible for FRPL can reduce their MBR by up to 3%.

Furthermore, under the bill, towns in either group can receive an MBR reduction over the stated maximum percentages if (1) the education commissioner approves, following a review of the proposed reduction, and (2) the town's board of education approves of the reduction by a vote held at a duly called meeting.

Table 1 shows highlights of these changes.

Table 1: MBR Reductions for Decreased Enrollment and Highest DPI Scores Under Current Law and the Bill

<i>Provision</i>	<i>Current Law FYs 14 & 15</i>	<i>Under the Bill FYs 16 & 17</i>
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Dollar reduction per student	\$3,000	50% of the net current expenditure per student (NCEP)*
Maximum MBR reduction	0.5% of the MBR	Tier I 1.5% of the MBR for districts with 20% or more of student population qualifying for FRPL Tier II 3.0% of the MBR for districts with less than 20% of student population qualifying for FRPL Possible Additional Reductions Districts in either of the above groups can receive greater MBR reductions if a proposed reduction is approved by education commissioner and the local board of education.
Districts in the top 10% of the state, based on DPI	Subject to MBR	Exempt from MBR
*For all school districts 50% of the NCEP per student is expected to be greater than \$3,000, the flat number under current law. The 2013-14 statewide average NCEP is \$15,729.		

By law and unchanged by the bill, a school closing receives a dollar-for-dollar MBR reduction with no cap. Also unchanged under the bill is the dollar-for-dollar reduction for school districts without high schools that pay tuition to other districts to educate their high school age students. The MBR flexibility for these students when enrollment drops is a dollar-for-dollar reduction equal to the reduction in tuition paid.

The bill also maintains the existing MBR reduction allowed for efficiencies and regional collaboration. A town can reduce its MBR to reflect half of any new and documented savings from (1) increased efficiencies within its school district, as long as the education commissioner approves the savings or (2) a regional collaboration or cooperative arrangement with one or more other districts. This MBR reduction provision has a hard cap of 1.5%.

Alliance Districts

The bill prohibits alliance districts from reducing their MBR. Under

current law, the education commissioner could approve an MBR reduction for an alliance district if it could demonstrate that its local financial support for the education budget increased when compared to its local contribution used to determine the town's local funding percentage under state law.

DEFINITION OF NET CURRENT EXPENDITURES PER STUDENT

The bill defines net current expenditures per resident student as, in any school year, the net current expenditures, as defined in state law, for such school year divided by the number of resident students in the town for such school year. Resident students are the number of students living in the town that the school district has responsibility to educate (thus is does not cover students who graduate early or drop out of high school).

BACKGROUND

District Performance Index (DPI)

A school district's DPI is its students' weighted performance on the statewide mastery tests in reading, writing, and mathematics given in grades three through eight and 10 or 11, and science in grades five, eight, and 10 or 11.

COMMITTEE ACTION

Education Committee

Joint Favorable Substitute

Yea 33 Nay 0 (03/25/2015)